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Rules

STEVEN ENGLEBRIGHT
4th Assembly District
Suffolk County

July 10, 2014

Chairman Fred Braun
Members of the Town of Brookhaven IDA Board
Town of Brookhaven IDA
One Independence Hill
Farmingville, NY 11738

Dear Mr. Chairman and Members of the Town of Brookhaven IDA Board,

Thank you for the opportunity to speak on the subject of the proposed IDA Financial Incentives for the Caithness II Power Plant proposal.

I am NY State Assemblymember Steve Englebright and I represent the people of the 4th Assembly District in the Northwest corner of the Town of Brookhaven. I chair the Assembly Committee on Government Operations and have served on the Assembly's Standing Committee on Energy for 20 years. Over that time, I have been deeply involved with energy issues including ratepayer protections and utility transparency. I am also privileged to be one of the leading members of the Legislature working on the advancement of clean renewable energy generation through solar and wind energy net metering in NYS.

I am on record as supporting the first Caithness power plant. Back in 2006, I was informed that the first Caithness plant was necessary to have sufficient base load to take the legacy Port Jefferson power plant offline to be repowered. I was assured that Port Jefferson would be repowered next after Caithness.

Needless to say, the Port Jefferson Plant has not yet been repowered and this first Caithness narrative of justification has since been rewritten to fit the Caithness II proposal such that we are now told that Caithness II is necessary in order to repower Port Jefferson.

This is why I am extremely concerned this morning at the possible misuse of State-enabled financial incentives. To give Caithness II generous sales tax relief and a back-loaded PILOT payment schedule is very likely to contribute to the future abandonment of the Port Jefferson power plant site.

In Article 18-A Title 1 of the "New York New York State Industrial Development Act" in General Municipal Law, Section 862 reads as follows:

"No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry."

In 2012, the Village of Port Jefferson commissioned a study on the economics of repowering its legacy plant, which also analyzed the electrical power needs of Long Island over the next 10 years. Its conclusion was "if a proposal for the new construction of at least 700 megawatts is awarded through this RFP there would be no capacity market need for Port Jefferson repowering well beyond 2022." According to the analysis of this study, the size of the currently proposed Caithness II would seriously impact the rationale for repowering Port Jefferson.

Port Jefferson's coastal resources, authentic historic downtown, and ferry to Bridgeport and New England have helped to shape the Village as an economic and cultural center in the Town of Brookhaven. This economic and cultural reach extends well beyond Port Jefferson's borders. Port Jefferson's power plant brings PILOT payments to the Village, Town, school district, fire district and library district which, if ended, would cause severe economic disruption in Port Jefferson and ultimately all of the Town of Brookhaven. Permanently compromising the vitality of Port Jefferson would, inevitably, reverberate into the neighboring hamlets of the Town of Brookhaven with catastrophic economic consequences.

In addition to its potential effects on Port Jefferson, your Caithness incentive package proposes to give incentives to build a plant that may not be needed, produces few permanent jobs, and is fundamentally contrary to the Governor's new Utility 2.0 reforms which aim to promote decentralized power generation and clean renewables. Additionally, the artificially lowered PILOT payment schedule seems likely to undercut or invalidate the position of the Town of Brookhaven in the current Tax certiorari suit brought by LIPA and National Grid against Port Jefferson. Is this desirable for either Port Jefferson or Brookhaven?

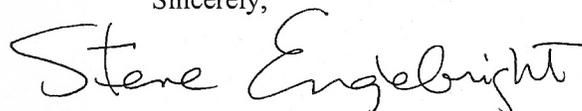
As you are no doubt aware, IDAs are under serious scrutiny in Albany. The Legislature is concerned with the fair, transparent, efficient, and economically productive application of IDAs incentives. Similarly, the Legislature is concerned that the jobs produced by any given project significantly outweigh the costs of the incentives. Within this context, I believe that the instant proposal is a misapplication because it will produce few long-term jobs.

In recent months we have been learning more about the Governor's new Utility 2.0 proposal to remake our energy generating system so that it would incrementally become to be more distributed. Smaller and more diverse generating plants or projects would become the rule. This model would usher in a future energy economy that would give greater weight to clean renewable energy generation that is needed to combat global climate change. How does incentivizing and enabling Caithness II help advance this wise policy vision that Governor Cuomo has put forward?

It is said that Generals are always fighting the last war in their new battles. The proposal before you if approved would advance the construction of what appears likely be the last large fossil fuel dinosaur built in New York State. With an increase of hundreds of megawatts over any reasonable estimate of current or future power needs for the area, Caithness II would wholly preclude re-commissioning of the Port Jefferson plant as well as seriously stall the development of a coherent strategy of renewables needed to help Long Island be resilient and sustainable as we grow our economy's future.

In closing, I urge you to rethink your position and decline to support the request for IDA assistance from Caithness II.

Sincerely,



Steve Englebright
Member of Assembly, 4th AD